

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:

Lehman Brothers Holdings Inc., et al.,

Debtors.

Chapter 11 Case No.

08-13555
Jointly Administered

QUARTERLY FINANCIAL REPORT
AS OF JUNE 30, 2017

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Date: September 27, 2017

Quarterly Financial Report as of June 30, 2017 (Unaudited)

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QUESTIONS

The Company has established an email address to receive questions from readers regarding this presentation and its other financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post a response (maintaining the anonymity of the originators of the questions). The Company assumes no obligation to respond to email inquiries.

Please email questions, with document references as relevant, to:

QUESTIONS@lehmanholdings.com

The Company's previously posted responses can be found on the Epiq website maintained for the Company:

www.lehman-docket.com under the Key Documents tab and the Responses to Questions Submitted category

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I. Schedule of Debtors

The twenty three entities listed below (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. As of the date hereof, the following Debtors’ chapter 11 cases remain open:

	Case No.	Date Filed (“Commencement Date”)
Lehman Brothers Holdings Inc. (“LBHI”)	08-13555	9/15/2008
Lehman Brothers Commodity Services Inc. (“LBCS”)	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”)	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“LOT”).....	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”)	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”)	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”).....	08-13901	10/5/2008
Lehman Brothers Financial Products Inc. (“LBFP”)	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation.....	09-10558	2/9/2009

The following Debtors’ chapter 11 cases were closed in 2016, pursuant to final decrees entered by the Bankruptcy Court (Docket No. 51920 and No. 54163):

	Case No.	Date Filed	Date Closed
LB 745 LLC	08-13600	9/16/2008	1/28/2016
PAMI Statler Arms LLC	08-13664	9/23/2008	1/28/2016
CES Aviation LLC	08-13905	10/5/2008	1/28/2016
CES Aviation V LLC	08-13906	10/5/2008	1/28/2016
CES Aviation IX LLC	08-13907	10/5/2008	1/28/2016
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009	1/28/2016
LB Somerset LLC	09-17503	12/22/2009	1/28/2016
LB Preferred Somerset LLC	09-17505	12/22/2009	1/28/2016
East Dover Limited.....	08-13908	10/5/2008	12/15/2016
Luxembourg Residential Properties Loan Finance S.a.r.l	09-10108	1/7/2009	12/15/2016
Merit LLC.....	09-17331	12/14/2009	12/15/2016

II. Notes to the Balance Sheets and Management's Discussion & Analysis

Note 1 – Basis of Presentation

Objectives

On the Effective Date, the Plan became effective and the Debtors emerged from bankruptcy with a new Board of Directors (LBHI's Board of Directors hereinafter referred to as the "Board"). The Company continues to pursue the objectives of asset value maximization and timely distributions to creditors of available cash through the optimal execution of an orderly wind down process and the judicious and timely resolution of claims. Pursuant to the Plan, the Plan Administrator has made and expects to continue to make semi-annual distributions to creditors of Debtors, with each entity subject to review at each distribution date.

operations, prospects, assets or liabilities. The Company reserves all rights to revise this report.

The Quarterly Financial Report should be read in conjunction with the Company's previous filings, including Form 8-K reports as filed with the United States Securities and Exchange Commission ("SEC"), the Plan and related Disclosure Statement (the "Disclosure Statement") dated August 31, 2011, and other documents filed after the Commencement Dates with various regulatory agencies or the Bankruptcy Court by LBHI, other Debtors and Debtor-Controlled Entities.

Basis of Presentation

The information and data included in the Quarterly Financial Report (the "Quarterly Financial Report") are derived from sources available to the Debtors and Debtor-Controlled Entities (collectively, the "Company" or "Controlled Affiliates"). The term "Debtor-Controlled Entities" refers to those entities that are directly or indirectly controlled by LBHI and have not filed for protection under Chapter 11 of the Bankruptcy Code. Debtor-Controlled Entities excludes, among others, certain entities (such as Lehman Brothers Inc. ("LBI"), Lehman Brothers International (Europe) (in administration) ("LBIE") and Lehman Brothers Japan ("LBJ") that were not managed or controlled by a Debtor as of the Effective Date and are under separate administrations in the U.S. or abroad, including proceedings under the Securities Investor Protection Act (collectively, "Non-Controlled Affiliates").

The Company has prepared the Quarterly Financial Report based on the information available to the Company at the date of filing; however, such information may be incomplete and may be materially deficient. Material uncertainties continue to exist regarding the ultimate value realizable from the Company's assets, the timing of asset recoveries, future costs, and the eventual level of allowed creditors' claims. Accordingly, the Quarterly Financial Report is not meant to be relied upon as a complete description of the Company, its business, condition (financial or otherwise), results of

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 1 – Basis of Presentation (*continued*)

The Quarterly Financial Report:

- Is not audited nor prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”);
- Does not reflect period-end adjustments, including accruals; and
- Includes certain items that remain under continuing review by the Company and may be accounted for differently in future Quarterly Financial Reports.

Trends and Uncertainties

The Company owns real estate, private equity investments, loans, derivative contracts, and other assets in a wide variety of local, domestic and global markets, and as such, in future periods the values of these assets are subject to trends, events and factors beyond the Company’s control, including but not limited to: the local, domestic and global economic environment; changes in budget, tax and fiscal policies in the U.S. and other countries; fluctuations in debt and equity markets, interest rates, and currency exchange rates; litigation risk; and changes in regulatory requirements.

Note 2 – Use of Estimates

In preparing the Quarterly Financial Report, the Company utilizes various estimates that affect reported amounts and disclosures. For example, estimates are used to determine expected recoverable amounts from certain financial instruments and other assets, and to establish claims amounts and various reserves.

Estimates are based on available information and judgment. As more information becomes available to the Company, including the outcome of various negotiations and litigations, the Company may revise estimates accordingly.

Note 3 – Cash and Short-Term Investments

Cash and short-term investments include:

- demand deposits;
- interest-bearing deposits with banks;
- U.S. and foreign money-market funds;
- U.S. government obligations;
- U.S. government guaranteed securities;
- investment grade corporate bonds and commercial paper; and
- AAA-rated asset-backed securities secured by auto loans and credit card receivables.

As of June 30 2017, the Company’s short-term investments were scheduled to mature by September 30, 2017.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 4 – Cash and Short-Term Investments Pledged or Restricted

The following table summarizes the components of restricted cash as of June 30, 2017:

(\$ in millions)	Debtors					Debtor- Controlled Entities	Total Debtors and Debtor- Controlled Entities
	LBHI	LBSF	LCPI	Other	Total		
Reserves for Claims:							
Disputed unsecured claims ⁽¹⁾	\$ 1,028	\$ 792	\$ -	\$ 146	\$ 1,966	\$ -	\$ 1,966
Distributions on Allowed Claims (not remitted)	10	0	0	1	11	-	11
Secured, Admin, Priority Claims and Other	55	39	7	12	112	-	112
Subtotal, Claims Reserves	1,093	831	7	159	2,089	-	2,089
Citigroup ⁽²⁾	2,008	-	-	-	2,008	-	2,008
Other ⁽³⁾	182	1	0	23	207	27	234
Total	\$ 3,283	\$ 833	\$ 7	\$ 182	\$ 4,304	\$ 27	\$ 4,331

Totals may not foot due to rounding.

- (1) Represents the cash reserve for the principal amount of disputed unsecured claims subsequent to the twelfth Plan Distribution (“D12”) on April 6, 2017. Amounts of claim reserves at LBSF exclude amounts invested in a loan to LBHI in the amount of \$349 million (refer to *Note 6 – Receivables from Controlled Affiliates and Other Assets*).
- (2) Represents cash deposited prior to the Commencement Date by the Company in connection with certain requests and/or documents executed by the Company and Citigroup Inc. (“Citigroup”). The Company has recorded reserves against this cash in Secured Claims Payable to Third Parties because Citigroup has asserted claims. The Company commenced litigation against Citigroup regarding these deposits (refer to *Note 12 – Legal Proceedings*).
- (3) Includes: (i) \$85 million related to various pre-petition balances on administrative hold by Citigroup, (ii) \$56 million related to misdirected wires and other cash received by LBHI for the benefit of third parties and Non-Controlled Affiliates (reported as a payable), and (iii) \$93 million of various miscellaneous items.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 5 – Financial Instruments and Other Inventory Positions

Financial instruments and other inventory positions are reported at estimated “recovery values,” which are determined by utilizing market prices, certain assumptions, estimates and/or pricing models to estimate future undiscounted cash flows.

The table below presents recovery values as of June 30, 2017 by asset portfolio, and the changes in recovery values since the previously filed Quarterly Financial Report as of April 6, 2017:

\$ in millions	Inventory as of April 6, 2017	Activity 04/07/17 - 06/30/17			Inventory as of June 30, 2017
		Transfers and Reclassifications ⁽¹⁾	Recovery Value Change ⁽²⁾	Cash Activities ⁽³⁾	
Commercial Real Estate					
Debtors:					
Lehman Commercial Paper Inc.	91	-	1	2	95
Subtotal Debtors	91	-	1	2	95
Debtor-Controlled	42	-	1	(27)	17
Total Commercial Real Estate	133	-	3	(25)	112
Loans and Residential Real Estate					
Debtors:					
Lehman Brothers Holdings Inc.	51	(14)	30	(44)	24
Lehman Commercial Paper Inc.	11	(0)	1	(0)	12
Subtotal Debtors	62	(14)	32	(44)	36
Debtor-Controlled	13	14	5	(3)	29
Total Loans and Residential Real Estate	75	-	37	(47)	65
Private Equity / Principal Investments (PEPI)					
Debtors:					
Lehman Brothers Holdings Inc.	3	-	0	-	3
Lehman Commercial Paper Inc.	3	-	-	-	3
Subtotal Debtors	6	-	0	-	6
Debtor-Controlled ⁽⁴⁾	763	-	73	(175)	661
Total Private Equity / Principal Investments	769	-	73	(175)	667
Derivative Receivables and Related Assets					
Debtors:					
Lehman Brothers Special Financing Inc.	159	-	4	(101)	61
Lehman Brothers OTC Derivatives Inc.	0	-	-	(0)	-
Subtotal Debtors	159	-	4	(102)	61
Debtor-Controlled	0	-	0	(0)	0
Total Derivative Receivables and Related Assets	159	-	4	(102)	61
Totals	\$ 1,136	\$ -	\$ 117	\$ (348)	\$ 905

- (1) Includes (i) residential mortgage backed securities of \$14 million in Loans and Residential Real Estate transferred from LBHI to Lehman Pass-Through Securities Inc. (“LPTSI”), and (ii) an investment in First Data Corporation in PEPI transferred between Debtor-Controlled Entities from LB I Group Inc. to LB U.K. Holdings (Delaware) Inc. (“LUK”). These assets were previously reported as encumbered for the benefit of LPTSI and LUK, respectively, in the April 6, 2017 Quarterly Financial Report.
- (2) Represents adjustments to recovery values based on changes in market prices, realized gains or losses from assets sales above or below previously recorded recovery values, assumptions and/or estimates which, in the Company’s judgment, impact the Company’s recoverable value on the underlying assets.
- (3) Cash activities are presented net of disbursements. Amounts may differ from previously filed Schedules of Cash Receipts and Disbursements mainly due to timing and classification differences. Cash activities related to Derivative Receivables and Related Assets include collections on open and terminated trades, net of hedging activities.
- (4) Inventory balances as of June 30, 2017 include an investment in Formula One of \$151 million that is encumbered by LB I Group Inc. for the benefit of LCPI.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 5 – Financial Instruments and Other Inventory Positions (*continued*)

Commercial Real Estate

Commercial Real Estate includes real estate owned properties, joint venture equity interests in commercial properties, and other real estate-related investments.

The Company utilizes various pricing models to determine the recovery values of assets within the Commercial Real Estate portfolio. These pricing models often incorporate current market prices, estimated future cash flows net of obligations to third parties, brokers' opinions of value, and third party analyses.

As of June 30, 2017, the Company estimated the aggregate remaining recovery value for the Commercial Real Estate portfolio at \$112 million. Between April 6, 2017 and June 30, 2017, the Company (i) monetized \$25 million of inventory, and (ii) increased the estimated recovery value for the portfolio by \$3 million.

Loans and Residential Real Estate

The Loans and Residential Real Estate portfolio includes commercial term loans with fixed maturity dates, corporate equity securities, and residential mortgage-backed securities.

The Company utilizes internal pricing models, which incorporate current market prices and historical and estimated future cash flows to determine the recovery values of loans. Recovery values for mortgage-backed securities are based primarily on third-party valuation analyses, which generally include market prices for similar assets and various pricing assumptions.

Potential future recoveries related to indemnity claims against third parties transferred to LBHI pursuant to the Fannie Mae and Freddie Mac Agreements (refer to the Mortgage Sellers litigation in *Note 12 – Legal Proceedings*, for additional information) are excluded from estimated recovery values, as the outcomes, many of which are subject to litigation, are uncertain and contingent upon various legal factors outside of the Company's control.

As of June 30, 2017, the Company estimated the aggregate remaining recovery value for the Loans and Residential Real Estate portfolio at \$65 million. Between April 6, 2017 and June 30, 2017, the Company (i) monetized \$47 million of inventory, and (ii) increased the estimated recovery value for the portfolio by \$37 million.

Private Equity / Principal Investments

Private Equity / Principal Investments include equity and fixed-income direct investments in companies, and general partner and limited partner interests in investment fund vehicles (including private equity) and related funds.

Recovery values for private equity / principal investments and general partner interests are based on comparable trading and transaction multiples, period end publicly quoted prices, and estimated future cash flows. Limited partner interests in private equity and hedge funds are valued at the net asset value unless an impairment is assessed. Recovery value may be impacted for those positions that are subject to confidentiality restrictions and transfer restrictions for which the Company may need consent from sponsors, general partners and/or portfolio companies in order to (i) share information regarding such positions with prospective buyers and/or (ii) transfer such positions to a buyer.

As of June 30, 2017, the Company estimated the aggregate remaining recovery value for the Private Equity / Principal Investments portfolio at \$667 million. Between April 6, 2017 and June 30, 2017, the Company:

- monetized \$175 million of inventory, primarily driven by the partial sale of the Company's interest in Formula One, and distributions from limited partnership interests, and
- increased the estimated recovery value for the portfolio by \$73 million, primarily driven by (i) mark-to-market changes of \$51 million on the First Data Corporation investment, and (ii) the increased estimated recovery value of the Company's interest in Formula One of \$23 million.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 5 – Financial Instruments and Other Inventory Positions (*continued*)

Derivative Assets and Derivative Liabilities

Derivative assets and Derivative liabilities represent amounts due from/to counterparties related to matured, terminated and open trades, and are recorded at expected recovery/claim amounts, net of cash and securities collateral.

The Company's estimated recovery values for Derivative assets and claim amounts are determined using internal and third party valuation models and data sources, internal assessments, valuation assumptions asserted by counterparties, certain assumptions regarding contract provisions, and management judgment.

For derivative litigation actions which may result in a potential recovery to the Company ("Affirmative Litigations"), the largest of which are listed and described in *Note 12 – Legal Proceedings*, estimated recoveries are recorded at zero unless one of the following conditions are met:

- (i) The Company has reached agreements in principle with the corresponding counterparties, in which case the recovery value is recorded at the agreed amounts; or
- (ii) The Company has locked in value by purchasing notes of various special purpose vehicles, in which case the Balance Sheets reflect estimated recovery values at the value locked in.

Derivative claims are recorded in Liabilities Subject to Compromise as follows:

- (i) Resolved claims are recorded at values agreed by the Company; and
- (ii) Unresolved claims are recorded at amounts estimated to be allowed by the Company.

Derivative claims recorded by LBSF include LBSF's obligations under the RACERS swaps (refer to Section IV.I.b of the Disclosure Statement).

As of June 30, 2017, the Company estimated the aggregate remaining recovery value for the Derivatives portfolio at \$61 million. Between April 6, 2017 and June 30, 2017, the Company:

- collected \$102 million primarily related to (i) a litigation settlement agreement with Federal Home Loan Bank of New York of \$70 million (refer to the April 6, 2017 Quarterly Financial Report for additional information), and (ii) settlements related to special purpose vehicles and various other counterparties;
- increased the estimated recovery value for the portfolio by \$4 million.

As of June 30, 2017, the Company estimated aggregate Derivative liabilities, before any distributions, at \$24.1 billion.

Quarterly Financial Report as of June 30, 2017 (Unaudited)**Note 6 – Receivables from Debtors and Debtor-Controlled Entities and Other Assets**

Receivables from Debtors and Debtor-Controlled Entities and Other Assets includes: (i) \$1.7 billion related to certain post-petition activities between and among Debtors and Debtor-Controlled Entities, with the corresponding liabilities reflected in Payables to Debtors and Debtor-Controlled Entities and Other Liabilities, and (ii) \$442 million of other assets.

The following table summarizes the main components of Receivables from Debtors and Debtor-Controlled Entities and Other Assets as of June 30, 2017:

\$ in millions	Debtors					Debtor-Controlled Entities	Total Debtors and Debtor-Controlled Entities
	LBHI	LCPI	LBSF	Other Debtors	Total		
Encumbered Financial Inventory ⁽¹⁾	\$ -	\$ 151	\$ -	\$ -	\$ 151	\$ -	\$ 151
Secured Notes ⁽²⁾	-	-	349	800	1,148	69	1,217
Fundings and other activities ⁽³⁾	153	0	0	4	157	191	348
Receivables from Debtors and Debtor-Controlled Entities	153	151	349	803	1,457	260	1,717
Receivable related to Fenway ⁽⁴⁾	85	-	-	-	85	-	85
Affiliate Claims ⁽⁵⁾	263	-	12	1	275	0	276
Other	29	0	(0)	0	29	52	81
Total Other Assets	377	0	12	1	389	53	442
Total Receivables from Debtors and Debtor-Controlled Entities and Other Assets	\$ 530	\$ 151	\$ 361	\$ 804	\$ 1,846	\$ 312	\$ 2,159

- (1) Represents \$151 million of Private Equity/Principal Investment assets encumbered by LB I Group Inc. for the benefit of LCPI.
- (2) Includes (i) loans to LBHI from LOTC of \$500 million, LBCC of \$237 million, and a Debtor-Controlled Entity of \$69 million, secured by LBHI assets; (ii) a loan from LBSF to LCPI of \$62 million secured by LCPI assets; and (iii) an investment of \$349 million of LBSF's cash reserves for disputed claims in secured notes issued by LBHI.
- (3) Includes (i) \$153 million primarily related to fundings (e.g. capital calls) by LBHI and cost allocations; and (ii) \$99 million related to a promissory note issued by LBHI to a Debtor-Controlled Entity, LBHK Funding (Cayman) No.1 Ltd, of which LBHI is the ultimate economic beneficiary.
- (4) Represents unsecured claims asserted by LBHI against LCPI based on the Fenway transactions, as disclosed in Section 6.5(h) of the Plan, net of \$145 million of payments received by LBHI as a result of Plan Distributions.
- (5) Represents \$276 million of affiliate claims acquired through settlements with third parties valued at estimated recoveries, net of distributions.

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**Note 6 – Receivables from Debtors and Debtor-Controlled Entities and Other Assets
(continued)**

Cost Allocations

Expenses related to obligations for certain administrative services and bankruptcy related costs are generally paid by LBHI then allocated on a quarterly basis to Debtor and Debtor-Controlled Entities with material remaining inventory and/or unresolved claims. A revised methodology for allocating expenses was implemented for expenses disbursed beginning April 1, 2012 (the “Post-Effective Methodology”). The Post-Effective Methodology categorizes and allocates administrative expenses as follows:

- (i) Costs directly attributable to specific legal entities, such as dedicated staff costs and professional fees associated with assets or legal matters which benefit specific legal entities, are directly assigned to the corresponding legal entities;
- (ii) Costs attributable to the support and management of specific asset and claim portfolios, such as asset management and claim staff, professional fees and technology costs to support the asset and claim portfolios, are allocated among legal entities based on the (a) pro rata ownership of inventory within each asset portfolio, and (b) pro rata claims for certain claim categories;
- (iii) Costs associated with general claims mitigation, distributions, and other bankruptcy-related activities are allocated among Debtors based on outstanding unresolved claims and cumulative distributions; and
- (iv) All remaining administrative costs are allocated among Debtors based on outstanding unresolved claims and estimated future distributions.

The Company continually reviews the methodology for allocating costs, and adjustments are reflected in the Balance Sheets.

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Note 7 – Investments in Affiliates

Investments in Debtor-Controlled Entities are recorded in the Balance Sheets at book values. Investments in Debtor-Controlled Entities that have incurred cumulative net operating losses in excess of capital contributions are shown as negative amounts.

The earnings or losses of (i) Debtors owned by other Debtors (e.g. LBCS is a direct subsidiary of LBSF) or Debtor-Controlled Entities (e.g. LCPI is a direct subsidiary of Lehman ALI Inc. (“ALI”)), and (ii) Debtor-Controlled Entities owned by Debtors (e.g. ALI is a direct subsidiary of LBHI) are not eliminated in the Balance Sheets, and as a result, Investments in Affiliates reflect the earnings or losses of Debtors and certain Debtor-Controlled Entities more than once.

Adjustments to Investments in Affiliates may be required in future Balance Sheets (including write-downs and write-offs), as amounts ultimately realized may vary materially from amounts reflected on the Balance Sheets herein.

Debtor-Controlled Entities – Aurora Commercial Corp.

The investment in Aurora Commercial Corp. (formerly known as Aurora Bank FSB) (“Aurora”), a wholly-owned subsidiary of Lehman Brothers Bancorp Inc. (“LBB”), which is a wholly owned subsidiary of LBHI, is reflected in LBB’s Balance Sheets on a consolidated basis.

Aurora is a party to various litigation matters, primarily matters in which various counterparties have asserted claims against Aurora arising out of Aurora’s mortgage servicing operations. Aurora establishes accruals for loss contingencies as it becomes probable that a loss will be incurred and the amount of that loss can be estimated.

In connection with various Aurora asset sales, LBB entered into certain guarantee agreements with the respective purchasers of the Aurora assets. In accordance with the terms of those agreements, LBB is potentially liable for an aggregate amount up to a maximum of \$100 million, if Aurora fails to perform under its indemnity obligations to the purchasers of its assets.

The ultimate recovery value for Aurora, which may vary materially from the amount reflected on the Balance Sheets due to significant costs related to litigation, wind down and other potential liabilities, may be adjusted (including write-downs and write-offs) in future Balance Sheets.

Non-Controlled Affiliates

All investments in Non-Controlled Affiliates were written off in 2011 as the Company deemed recovery on these equity investments unlikely to occur due to the bankruptcy proceedings of these entities in their local jurisdictions.

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Note 8 – Due from/to Affiliates

Due from/to Affiliates represents (i) receivables related to transactions among Debtors, Debtor-Controlled Entities and Non-Controlled Affiliates (separately or collectively, “Affiliates”), and (ii) payables by Debtor-Controlled Entities to Debtors and Non-Controlled Affiliates. Certain balances are reflected in “Due from” and “Due to” as a result of the assignments of claims against the Debtor and therefore are not netted.

Due from/to Affiliates are recorded in the Balance Sheets at book values, and where applicable, these balances are recorded net of cash distributions. The Balance Sheets do not reflect potential realization or collectability reserves for Due from Affiliates balances nor estimates of potential additional payables to Affiliates. As a result, adjustments (including write-downs and write-offs) to Due from/to Affiliates, which are material, will be recorded in future Balance Sheets.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 8 – Due from/to Affiliates (*continued*)

(a) *Intercompany Balances Among Debtors and Debtor-Controlled Entities*

The table below presents the Due from/to Debtors and Debtor-Controlled Entities balances as of June 30, 2017, and the related activity since the previously filed Quarterly Financial Report as of April 6, 2017:

\$ in millions	As of April 6, 2017	Withdrawal / Debt Forgiveness	As of June 30, 2017
Due From Controlled			
Debtors:			
Lehman Brothers Holdings Inc.	\$ 21,284	\$ 27	\$ 21,311
Lehman Commercial Paper Inc.	5,107	-	5,107
Lehman Brothers Special Financing Inc.	471	-	471
Other Debtors	502	(0)	502
Subtotal Debtors	27,364	27	27,390
Debtor-Controlled	3,700	(0)	3,700
Total	\$ 31,064	\$ 26	\$ 31,090
Due To Controlled ⁽¹⁾			
Debtors:			
Lehman Brothers Holdings Inc.	\$ 4,481	\$ (0)	\$ 4,480
Lehman Commercial Paper Inc.	3,539	-	3,539
Lehman Brothers Special Financing Inc.	10,260	-	10,260
Other Debtors	364	-	364
Subtotal Debtors	18,644	(0)	18,644
Debtor-Controlled	11,670	27	11,697
Total	\$ 30,314	\$ 26	\$ 30,340

(1) "Due to Debtors and Debtor-Controlled Entities" balances are reflected in Liabilities Subject to Compromise on the June 30, 2017 Balance Sheets.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 8 – Due from/to Affiliates (continued)

(a) Intercompany Balances Among Debtors and Debtor-Controlled Entities (continued)

The following table presents a summary of Due from/to Debtors and Debtor-Controlled Entities for Debtors as of June 30, 2017:

\$ in millions	LBHI		LBSF		LCPI		Other Debtors		Total Debtors	
	Due from	Due to	Due from	Due to	Due from	Due to	Due from	Due to	Due from	Due to
Lehman Brothers Holdings Inc	\$ -	\$ -	\$ 177	\$ (9,895)	\$ 611	\$ (3,170)	\$ 28	\$ (205)	\$ 816	\$ (13,270)
LB Special Financing Inc	9,895	(177)	-	-	96	(218)	268	(39)	10,260	(434)
Lehman Commercial Paper Inc	3,170	(611)	218	(96)	-	-	132	(105)	3,520	(812)
Structured Asset Securities Corp	80	-	-	-	-	(132)	-	-	80	(132)
LB Commodity Services Inc	67	(0)	-	(268)	-	(0)	-	(0)	67	(268)
LB Commercial Corporation	58	(21)	39	-	105	-	0	-	201	(21)
LB OTC Derivatives Inc	0	-	0	-	-	-	-	-	0	-
Other Debtors	0	(8)	0	-	-	-	0	(0)	0	(8)
RACERS Claims ⁽¹⁾	750	-	-	-	-	-	-	-	750	-
Total Debtors	\$ 14,020	\$ (816)	\$ 434	\$ (10,260)	\$ 812	\$ (3,520)	\$ 428	\$ (348)	\$ 15,694	\$ (14,944)
Lehman Ali Inc:										
Lehman Ali Inc (PCO)	-	(2,401)	-	-	2,458	-	0	-	2,458	(2,401)
LB I Group Inc:										
LB I Group Inc (PCO)	1,573	(27)	7	-	44	-	0	-	1,624	(27)
LB Offshore Partners Ltd	363	-	-	-	1	-	-	-	364	-
DL Mortgage Corp	-	(180)	0	-	761	-	(0)	-	761	(180)
314 Commonwealth Ave Inc:										
314 Commonwealth Ave Inc (PCO)	792	(85)	-	-	-	-	-	0	792	(85)
LB U.K. Holdings (Delaware) Inc:										
LB U.K. Holdings (Delaware) Inc (PCO)	177	(462)	-	-	-	-	-	(15)	177	(477)
Other:										
Pami Ali LLC	1,788	(62)	1	-	999	-	(0)	-	2,788	(62)
Luxembourg Finance Sarl	1,051	-	28	-	-	-	74	-	1,152	-
Real Estate Private Equity Inc	612	-	-	-	-	-	-	-	612	-
SMF No. 1 Limited	193	-	-	-	-	-	-	-	193	-
Repe LBREP II Holdings, L.P.	185	-	-	-	-	-	-	-	185	-
Lehman Brothers Global Services Inc.	54	-	-	(0)	-	(0)	-	(0)	54	(0)
LB Pass-Through Securities Inc	45	-	-	-	-	-	-	-	45	-
LB Private Equity Advisers LLC	-	(84)	-	-	-	-	-	-	-	(84)
Other	455	(363)	1	-	32	(19)	-	(1)	489	(383)
Total Debtor-Controlled Entities	\$ 7,291	\$ (3,664)	\$ 37	\$ (0)	\$ 4,295	\$ (19)	\$ 74	\$ (16)	\$ 11,696	\$ (3,700)
Total	\$ 21,311	\$ (4,480)	\$ 471	\$ (10,260)	\$ 5,107	\$ (3,539)	\$ 502	\$ (364)	\$ 27,390	\$ (18,644)

“PCO” – parent company only

(1) Refer to Section IV.I.b of the Disclosure Statement for further information on the RACERS Claims.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 8 – Due from/to Affiliates (continued)

(a) Intercompany Balances Among Debtors and Debtor-Controlled Entities (continued)

The following table presents a summary of Due from/to Affiliates balances for Debtor-Controlled Entities as of June 30, 2017:

	Lehman ALI Inc.		LB I Group Inc.		314 Commonwealth Ave. Inc.		LB U.K. Holdings (Delaware) Inc. ⁽³⁾⁽⁴⁾		Other Debtor-Controlled Entities	
	Due from	Due to	Due from	Due to	Due from	Due to	Due from	Due to	Due from	Due to
\$ in millions										
Debtors:										
Lehman Brothers Holdings Inc.	\$ 2,401	\$ (0)	\$ 207	\$ (1,937)	\$ 85	\$ (792)	\$ 462	\$ (177)	\$ 508	\$ (4,303)
Lehman Commercial Paper Inc.	-	(2,458)	-	(806)	-	-	-	-	0	(1,031)
Lehman Brothers Special Financing Inc.	-	-	-	(7)	-	-	-	-	0	(29)
Lehman Brothers Commercial Corporation	-	-	-	-	-	-	15	-	-	-
Total Debtors	\$ 2,401	\$ (2,458)	\$ 207	\$ (2,750)	\$ 85	\$ (792)	\$ 477	\$ (177)	\$ 508	\$ (5,363)
Debtor-Controlled:										
314 Commonwealth Ave Inc	\$ 45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lehman Ali Inc ⁽¹⁾	-	-	0	-	-	(45)	-	-	221	-
Repe LBREP III LLC ⁽¹⁾	-	-	-	-	-	-	-	-	118	-
Real Estate Private Equity Inc ⁽¹⁾	-	-	-	-	-	-	-	-	233	(23)
LB I Group Inc.	-	-	-	-	-	-	-	-	4	(325)
Pami ALI LLC	-	(221)	298	-	-	-	-	-	1	(336)
Other	19	(0)	28	(28)	0	0	-	(0)	24	(148)
Total Debtor-Controlled Entities	\$ 65	\$ (221)	\$ 325	\$ (28)	\$ 0	\$ (45)	\$ -	\$ (0)	\$ 602	\$ (832)
Total	\$ 2,466	\$ (2,679)	\$ 533	\$ (2,778)	\$ 85	\$ (838)	\$ 477	\$ (178)	\$ 1,109	\$ (6,195)
Non-Controlled Affiliates: ⁽²⁾										
Lehman Brothers Holdings Intermediate 2 Ltd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 826	\$ -
Lehman Brothers Holdings PLC	-	-	-	-	-	-	236	-	2	-
LB Commercial Corp Asia Limited	-	-	-	-	-	-	-	-	962	(0)
LB UK RE Holdings Limited	-	-	-	-	6	-	-	-	-	-
Other	0	-	0	(1)	-	-	7	-	135	(29)
Total	\$ 0	\$ -	\$ 0	\$ (1)	\$ 6	\$ -	\$ 243	\$ -	\$ 1,925	\$ (29)

- (1) "Due from" balances at Other Debtor-Controlled Entities are related to receivables recorded by Pami ALI LLC.
- (2) Certain "Due from" balances are recorded in the local currency of the respective Non-Controlled Affiliates and as a result, balances may fluctuate as a result of changes in foreign exchange rates. Due from/to Affiliates balances include both settled and unresolved balances with Non-Controlled Affiliates.
- (3) Certain subsidiaries and their assets were transferred from LUK to LBHI.
- (4) LUK owns LBHI Class 4A claims and LBHI Class 4B claims of \$23.7 million and \$665.4 million, respectively.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 8 – Due from/to Affiliates (*continued*)

(b) Intercompany balances among Debtors and Debtor-Controlled Entities and Non-Controlled Affiliates

The table below presents the Due from/to Non-Controlled Affiliates balances as of June 30, 2017, and the related activity since the previously filed Quarterly Financial Report as of April 6, 2017:

\$ in millions	As of April 6, 2017	Activity 4/07/17 - 6/30/17			As of June 30, 2017
		Cash Receipts	Claim Assignments	Other ⁽¹⁾	
Due From Non-Controlled					
Debtors:					
Lehman Brothers Holdings Inc.	\$ 17,087	\$ (29)	\$ 5	\$ 457	\$ 17,520
Lehman Commercial Paper Inc.	135	-	-	(1)	135
Lehman Brothers Special Financing Inc.	702	(1)	-	(0)	701
Other Debtors	270	(1)	-	(1)	268
Subtotal Debtors	18,195	(32)	5	456	18,623
Debtor-Controlled	2,169	(1)	(5)	11	2,175
Total	\$ 20,364	\$ (32)	\$ -	\$ 466	\$ 20,798
Due To Non-Controlled ⁽²⁾					
Debtors:					
Lehman Brothers Holdings Inc.	\$ 33,046	\$ -	\$ -	\$ -	\$ 33,046
Lehman Commercial Paper Inc.	576	-	-	-	576
Lehman Brothers Special Financing Inc.	960	-	-	-	960
Other Debtors	1	-	-	-	1
Subtotal Debtors	34,584	-	-	-	34,584
Debtor-Controlled	31	-	-	0	31
Total	\$ 34,615	\$ -	\$ -	\$ 0	\$ 34,615

(1) "Due From Non-Controlled" balances are recorded in the local currency of the Non-Controlled Affiliate and as a result, balances fluctuate due to changes in foreign exchange rates. Other includes the impact of movements in foreign exchange rates of approximately \$466 million.

(2) "Due to Non-Controlled" balances are included in Liabilities Subject to Compromise herein.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 8 – Due from/to Affiliates (continued)

(b) Intercompany balances among Debtors and Debtor-Controlled Entities and Non-Controlled Affiliates (continued)

The following table presents a summary of Due from/to Non-Controlled Affiliates for Debtors as of June 30, 2017:

\$ in millions	LBHI		LBSF		LCPI		Other Debtors		Total Debtors	
	Due from	Due to	Due from	Due to	Due from	Due to	Due from	Due to	Due from	Due to
Europe										
Lehman Brothers Treasury Co B.V. ⁽¹⁾	\$ 2,153	\$ (22,891)	\$ 672	\$ -	\$ -	\$ -	\$ 105	\$ -	\$ 2,929	\$ (22,891)
Lehman Brothers Finance S.A.	8,822	(691)	-	-	-	-	-	-	8,822	(691)
Lehman Brothers Bankhaus A.G.	44	-	-	(109)	-	-	1	-	45	(109)
LB UK RE Holdings Limited	628	-	-	-	-	-	-	-	628	-
Lehman Brothers (Luxembourg) S.A.	332	-	-	-	-	-	-	-	332	-
Thayer Properties Limited	184	-	-	-	-	(0)	-	-	184	(0)
LB (PTG) Ltd	135	-	-	-	-	-	-	-	135	-
LB Lease & Finance No.1 Ltd	0	-	-	-	-	-	-	-	0	-
LB (Luxembourg) Equity Finance S.A	33	(55)	-	-	-	-	-	-	33	(55)
Longmeade Limited	8	-	-	-	-	(55)	-	-	8	(55)
LB RE Financing No.2 Limited	0	-	-	-	-	-	-	-	0	-
Lehman Brothers Limited	30	(242)	-	(2)	-	(1)	-	(0)	30	(245)
Lehman Brothers International (Europe) ⁽²⁾	-	(749)	-	(548)	-	-	-	0	-	(1,297)
Eldon Street Holdings Limited	-	(426)	-	-	-	(0)	-	(0)	-	(426)
LB RE Financing No.3 Limited	425	-	-	-	-	-	-	-	425	-
LB Holdings Intermediate 2 Ltd	-	(204)	-	-	-	-	-	-	-	(204)
Wood Street Investments Ltd	-	(183)	-	-	-	-	-	-	-	(183)
Storm Funding Ltd	-	(99)	-	(3)	-	(39)	-	-	-	(142)
Asia										
Sunrise Finance Co. Ltd	997	(19)	-	(14)	-	(0)	-	(0)	997	(33)
LB Commercial Corp. Asia Limited	768	-	-	-	-	(1)	-	-	768	(1)
Lehman Brothers Holdings Japan Inc.	835	(31)	-	-	-	-	-	-	835	(31)
LB Asia Pacific (Singapore) PTE	650	-	-	-	-	-	-	-	650	-
Lehman Brothers Japan Inc.	369	(77)	-	(131)	-	-	15	-	384	(208)
LB Asia Capital Company	342	-	29	-	133	-	148	-	651	-
LB Investments PTE Ltd	254	-	-	-	-	-	-	-	254	-
LB Securities Asia Limited	-	(5)	-	-	-	-	-	-	-	(5)
Other										
Claims held by third parties ⁽³⁾	-	(7,183)	-	(83)	-	(455)	-	(1)	-	(7,722)
Other	511	(191)	0	(71)	2	(25)	-	(1)	514	(287)
Total	\$ 17,520	\$ (33,046)	\$ 701	\$ (960)	\$ 135	\$ (576)	\$ 268	\$ (1)	\$ 18,623	\$ (34,584)

(1) LBT is included in the defined term “Non-Controlled Affiliates,” but LBHI has no direct or indirect equity interest in LBT.

(2) LBHI owns allowed claims against LBIE in the aggregate face amount of £356 million.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 8 – Due from/to Affiliates (continued)

(b) Intercompany balances among Debtors and Debtor-Controlled Entities and Non-Controlled Affiliates (continued)

- (3) “Claims held by third parties” represent claims, net of distributions, originally held by Non-Controlled Affiliates, according to their respective settlement agreements with the Company, that are currently held by third parties, including:

(\$ in millions)				
Original creditor	LBHI	LBSF	LCPI	Total
Lehman Brothers Bankhaus A.G.	\$ (4,957)	\$ -	\$ (301)	\$ (5,259)
Lehman Brothers Securities NV	(510)	(46)	-	(555)
Storm Funding Ltd	(527)	-	-	(527)
LB Asia Capital Company	(411)	-	-	(411)
Lehman Re Limited	(286)	(16)	(105)	(407)
LB Securities Asia Limited	(132)	-	-	(132)
Lehman Brothers Asia Limited	(126)	-	-	(126)
Lehman Brothers Futures Asia Limited	(60)	-	-	(60)
Lehman Brothers Asia Holdings Limited	-	(21)	(49)	(71)
Other	(174)	0	0	(174)
Total Claims held by third parties	\$ (7,183)	\$ (83)	\$ (455)	\$ (7,721)

The following table presents, on an aggregate basis for Debtors and Debtor-Controlled Entities, admitted claims, receivables, and collections to date from Non-Controlled Affiliates:

\$ in millions	Local Currency	Admitted Claims in Local Currency	Collections To Date in Local Currency ⁽⁵⁾	Admitted and Unsettled Filed Claims in USD	Collections To Date in USD ⁽⁵⁾	Net Receivables in USD
Europe						
Lehman Brothers Finance S.A.	CHF	9,582	(1,141)	10,012	(1,189)	8,822
Lehman Brothers Treasury Co B.V.	USD	4,342	(1,489)	4,342	(1,489)	2,853
Lehman Brothers Treasury Co B.V. ⁽¹⁾	Various	-	-	113	(37)	76
Lehman Brothers Bankhaus A.G.	EUR	203	(202)	231	(230)	1
Lehman Brothers Bankhaus A.G. - Assigned ⁽²⁾	EUR	9,383	(9,344)	10,715	(10,671)	44
LB UK RE Holdings Limited	GBP	1,188	(701)	1,547	(912)	635
Lehman Brothers (Luxembourg) S.A.	EUR	759	(468)	867	(535)	332
LB Holdings Intermediate 2 Ltd ^{(3) (4)}	-	-	-	826	-	826
Lehman Brothers International (Europe)	GBP	359	(359)	470	(470)	-
LB RE Financing No.3 Limited	GBP	353	(27)	460	(35)	425
LB Commercial Mortgage Conduit Ltd	GBP	240	(212)	312	(276)	37
Thayer Properties Limited	GBP	172	(30)	223	(39)	184
LB (PTG) Ltd	GBP	170	(66)	221	(86)	135
Lehman Brothers Holdings Plc	GBP	231	(14)	301	(18)	283
LB (Luxembourg) Equity Finance S.A	EUR	96	(67)	109	(77)	33
Longmeade Limited	GBP	43	(18)	56	(23)	32
Asia						
Sunrise Finance Co. Ltd	JPY	234,022	(121,815)	2,079	(1,082)	997
Lehman Brothers Holdings Japan Inc.	JPY	178,617	(84,635)	1,586	(752)	835
LB Asia Capital Company	HKD	6,398	(1,312)	819	(168)	651
LB Asia Pacific (Singapore) PTE ⁽⁴⁾	USD	987	(337)	987	(337)	650
LB Asia Pacific (Singapore) PTE ⁽⁴⁾	SGD	1	-	0	-	0
LB Commercial Corp. Asia Limited	HKD	32,615	(19,103)	4,177	(2,447)	1,730
LB Investments PTE Ltd ⁽⁴⁾	USD	543	(289)	543	(289)	254
LB Securities Asia Limited	HKD	3,177	(3,177)	407	(407)	0
Lehman Brothers Japan Inc.	JPY	316,198	(272,906)	2,808	(2,424)	385
GKI Development Inc.	KRW	103,363	(91,427)	90	(80)	10
Lehman Brothers Australia Ltd	AUD	111	(66)	85	(51)	34
Sail Investor PTE Ltd	USD	63	(60)	63	(60)	3
Other ⁽⁶⁾				11,538	(11,007)	531
Total				\$ 55,989	\$ (35,191)	\$ 20,798

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Note 8 – Due from/to Affiliates (*continued*)

(b) Intercompany balances among Debtors and Debtor-Controlled Entities and Non-Controlled Affiliates (continued)

- (1) Represents claims against LBT that were admitted in eight different currencies.
- (2) Includes gross claims against Lehman Brothers Bankhaus A.G. (“Bankhaus”) of €9.314 billion that were assigned as a result of the Harmonizing Resolution (refer to *Note 8(c) – Settlements with Non-Controlled Affiliates*, in the December 31, 2016 Balance Sheets, Docket No. 55127, for further information), net of €7.823 billion of distributions received by owners of the claims prior to the assignment of the claims to LBHI.
- (3) "Admitted and Unsettled Filed Claims in USD" includes the unsettled historical receivable balances for filed claims which have not yet been admitted.
- (4) Includes allowed claims that are deemed subordinated against LB Asia Pacific (Singapore) PTE of \$366 million and LB Investments PTE Ltd of \$6 million. A filed subordinated claim by LB Holdings Scottish LP 3 of \$6.139 billion against LB Holdings Intermediate 2 Ltd is fully reserved in the Balance Sheets.
- (5) “Collections to Date in Local Currency” and "Collections to Date in USD" include distributions received on the claims prior to the assignments of the claims to LBHI and Debtor-Controlled Entities.
- (6) LB Lease & Finance No.1 Ltd made a final distribution, which included a distribution in kind of a £22.8 million claim against Lehman Brothers Limited that is included in “Other”.
- (7) Other claims against Lehman Brothers Finance S.A., Bankhaus, LBT and LBIE, acquired through settlements with third parties are included in Affiliate Claims receivables in the Balance Sheets (refer to *Note 6 – Receivables from Controlled Affiliates and Other Assets* for additional information).

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Note 8 – Due from/to Affiliates (*continued*)

(c) Settlements with Non-Controlled Affiliates

Joint Venture to Facilitate Resolution of LBIE Claims

On January 31, 2014, Lehman Brothers Holdings Intermediate 2 Ltd. (“LBHI2”), a Non-Controlled Affiliate, LBHI, and Elliott Management Corporation and King Street Capital Management, L.P. (together, the “Funds”) entered into definitive documentation and consummated a joint venture to facilitate the resolution of LBIE claims (the “Joint Venture”):

- LBHI2 contributed to the Joint Venture its senior claim of GBP 38 million (“Senior Claim”), subordinated claims of GBP 1.25 billion (“Sub Debt”), and a portion of the economic interest in its preferred equity (“Preferred Equity”) in LBIE.
- The Funds paid approximately GBP 650 million to LBHI2 and contributed to the Joint Venture the distributions on their claims against LBIE (approximately GBP 2.6 billion as of January 31, 2014) in excess of the principal amount plus post-administration interest at 8% per year. LBHI2’s final recoveries and distributions will be determined following the resolution of various outstanding legal issues currently in litigation.

The Joint Venture includes a joint recovery pool governed by a specific sharing formula. Subject to certain adjustments, which could be material, all recoveries from the Sub Debt, Senior Claim and the Funds’ contribution are split as follows:

- (a) 100% to the Funds up to GBP 650 million;
- (b) then 70% to the Funds and 30% to LBHI2 up to GBP 1.3 billion (plus interest);
- (c) then 50% to the Funds and 50% to LBHI2 up to GBP 2.2 billion (plus interest); and
- (d) 25% to the Funds and 75% to LBHI2 over GBP 2.2 billion (plus interest).

A detailed summary of the terms of the parties’ commitments and the Joint Venture is available at www.lehman-docket.com in the Key Documents section.

If LBIE makes distributions on the Preferred Equity before aggregate distributions from the Joint Venture to the Funds and LBHI2 have reached GBP 2.2 billion (plus interest), then, in certain circumstances, LBHI2, Lux Finance and LBHI shall be obligated to make payments to preserve the economic terms of the transaction as if 100% of the Preferred Equity proceeds had been transferred by LBHI2 to the Joint Venture.

Receivables from LBHI2:

- Luxembourg Finance Sarl (“Lux Finance”) and LB Scottish Holdings LP3 (“SLP3”) have receivables from LBHI2 of \$749 million (including \$19 million of accrued interest) and \$77 million (consisting of exclusively accrued interest), respectively. Accrued interest was computed through the date LBHI2 entered administration.
- As recoveries on these receivables are contingent on the resolution of a number of complex legal disputes surrounding distributions from LBIE, the Company has not recorded an estimate of future recoveries on the subordinated receivables from LBHI2 of \$6.139 billion (“SLP3 Sub Rec”), nor any additional accrued interest that may accrue subsequent to LBHI2’s administration date at Lux Finance and/or SLP3. The Company has reserved in full for the SLP3 Sub Rec.
- Currently, LBHI is the indirect parent and the beneficiary of any proceeds paid pursuant to the SLP3 Sub Rec.
- In addition, the Company has receivables from certain Non-Controlled Affiliates that have claims against LBHI2.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 9 – Payables to Debtors and Debtor-Controlled Entities and Other Liabilities

Payables to Debtors and Debtor-Controlled Entities and Other Liabilities includes: (i) \$1.7 billion related to certain post-petition activities between and among Debtors and Debtor-Controlled Entities, with the corresponding assets reflected in Receivables from Debtors and Debtor-Controlled Entities and Other Assets and (ii) \$267 million of other liabilities.

The following table summarizes the main components of Payables to Debtors and Debtor-Controlled Entities and Other Liabilities as of June 30, 2017:

\$ in millions	Debtors					Debtor-Controlled Entities	Total Debtors and Debtor-Controlled Entities
	LBHI	LCPI	LBSF	Other Debtors	Total		
Encumbered Financial Inventory ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151	\$ 151
Secured Notes ⁽²⁾	1,155	62	-	-	1,217	-	1,217
Fundings and other activities ⁽³⁾	191	2	12	9	214	134	348
Payables to Controlled Affiliates	1,346	64	12	9	1,431	286	1,717
Distributions on Allowed Claims (not remitted)	10	0	0	0	10	-	10
Misdirected wires	56	-	-	-	56	-	56
LBHI 2 Loan ⁽⁴⁾	108	-	-	-	108	-	108
Other	20	9	1	1	31	62	93
Total Other Liabilities	194	9	1	1	205	62	267
Total Payables to Controlled Affiliates and other liabilities	\$ 1,540	\$ 73	\$ 13	\$ 10	\$ 1,636	\$ 348	\$ 1,983

Refer to *Note 6 - Receivables from Debtors and Debtor-Controlled Entities and Other Assets* for footnote 1 through 3 explanations.

(4) Represents a loan from LBHI2 to LBHI of £82.6 million, collateralized by LBHI's claims against LBIE. The loan was repaid by LBHI in August 2017.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 10 – Taxes Payable

Taxes payable is an estimate of tax liabilities, net of the estimated impact of any refund claims, deposits and net operating losses (“NOL”). Taxes payable have been allocated among the members of the LBHI Tax Group pursuant to the Debtor Allocation Agreement (the “DAA”) (see below for further information).

As of June 30, 2017, the Company has recorded an estimate of \$140 million for potential pre- and post-petition amounts owed to federal, state, local and international taxing authorities.

Debtor Allocation Agreement

The Debtor Allocation Agreement, which became effective on the Effective Date, addresses the relationship among the Debtors and certain Affiliates with respect to consolidated federal/combined state/local income taxes for pre-petition and post-petition years. Pursuant to the DAA, any tax receivables or payables related to pre-petition, consolidated group taxes, including the IRS refund, are treated as allowed pre-petition claims between LBHI and other Debtors and Debtor-Controlled Entities and subject to set-off or recoupment.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 11 – Liabilities Subject to Compromise

The table below presents the Company's estimates of claim values as of June 30, 2017 by claim category, and the changes in estimates since the previously filed Quarterly Financial Report as of April 6, 2017:

Claim Category	Period Ending June 30, 2017			June 30, 2017 Claims Balance	June 30, 2017 Claims Balance			
	April 6, 2017 Claims Balance	Allowed Claims	Change in Estimated Active Claims		LBHI	LCPI	LBSF	Other Debtors
Direct Claims:								
Debt	\$ 99.2	\$ -	\$ -	\$ 99.2	\$ 98.5	\$ -	\$ -	\$ 0.7
Derivatives	24.1	-	-	24.1	0.0	0.0	21.6	2.4
Other	13.4	-	(0.4)	13.0	5.8	6.7	0.1	0.3
Total Direct Claims	136.8	-	(0.4)	136.3	104.4	6.8	21.7	3.5
Affiliate Claims Direct	108.3	-	0.0	108.3	58.8	23.1	21.0	5.4
Affiliate Guarantee Claims	12.7	-	-	12.7	12.7	-	-	-
Third Party Guarantee Claims	68.5	-	-	68.5	68.5	-	-	-
Total Liabilities Subject to Compromise	326.3	-	(0.4)	325.9	244.4	29.9	42.7	8.9
Taxes Payable	0.1	-	-	0.1	0.1	0.0	-	0.0
Secured Claims Payable to Third parties	2.0	-	-	2.0	2.0	-	-	-
Total Claims	\$ 328.4	\$ -	\$ (0.4)	\$ 328.0	\$ 246.6	\$ 29.9	\$ 42.7	\$ 8.9
Allowed Claims	320.9	-	-	320.9	241.0	29.9	41.6	8.3
Estimated Unresolved Claims to be Allowed	7.6	-	(0.4)	7.2	5.5	0.0	1.0	0.6
Total Claims	\$ 328.4	\$ -	\$ (0.4)	\$ 328.0	\$ 246.6	\$ 29.9	\$ 42.7	\$ 8.9
Less : Claims Distributions and other reductions ⁽¹⁾⁽²⁾				(147.8)	(97.3)	(24.4)	(18.1)	(7.9)
Post Petition Interest paid ⁽²⁾				(0.3)	-	-	-	(0.3)
Net Claim Liability at June 30, 2017				\$ 180.0	\$ 149.3	\$ 5.4	\$ 24.6	\$ 0.7

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0". Totals may not foot due to rounding.

- (1) Claim Distributions and other reductions include (i) distributions on allowed claims, (ii) reductions of the liabilities related to certain satisfied claims, (iii) the assignment of claims to their respective parents, and (iv) certain netting agreements between Debtors and Non-Controlled Affiliates.
- (2) Claims Distributions and other reductions and Post-Petition Interest paid include:

(\$ in billions)	Total Debtors	LBHI	LCPI	LBSF	Other Debtors
Claims Distributions and Post Petition Interest paid	\$ 116.6	\$ 76.5	\$ 19.2	\$ 14.2	\$ 6.8
Other Reductions					
Intercompany Funding Adjustments	7.8	-	4.1	2.9	0.8
Plan Adjustments	(0.6)	(2.8)	1.0	0.9	0.3
Assignment of Claims ^(a)	10.2	10.1	0.1	-	-
Third Party Guarantees Satisfied ^(b)	12.3	12.3	-	-	-
Freddie Mac Settlement	1.1	1.1	-	-	-
Convenience Claims and other	0.6	0.1	0.0	0.0	0.4
Total Claims Distributions and other reductions and Post Petition Interest paid	\$ 148.0	\$ 97.3	\$ 24.4	\$ 18.1	\$ 8.2

- (a) Claims assigned by Non-Controlled Affiliates (primarily LB RE Financing No. 1 Limited of \$4.6 billion, LBSN of \$3.2 billion and LB UK Financing Limited of \$2.1 billion), net of distributions, to LBHI in connection with settlement agreements with Non-Controlled Affiliates.
- (b) Allowed Guarantee claims (primarily Bankhaus \$7.4 billion, LCPI \$1.9 billion, LBCS \$1.5 billion, LBF \$0.6 billion, LOTC \$0.2 billion and LBCC \$0.2 billion), net of distributions, deemed satisfied as a result of distributions to creditors from the combination of the primary obligor and LBHI as the guarantor.

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Note 11 – Liabilities Subject to Compromise (*continued*)

As of June 30, 2017, Liabilities Subject to Compromise were estimated at approximately \$177.9 billion, net of distributions and other reductions.

Through June 30, 2017, the Debtors have allowed approximately \$320.9 billion in claims, and have remaining approximately \$29.2 billion of unresolved filed claims, which are estimated to be allowed at \$7.2 billion (including \$579 million of post-petition interest recorded at certain Debtors). The Estimated Unresolved Claims to be Allowed decreased \$0.4 billion as compared to April 6, 2017.

Unliquidated Claims

There are two significant unliquidated claims against BNC (Claim No. 31036 and 33107) which, if liquidated and allowed, would have a material impact on the recoveries to BNC claimants and would result in creditors receiving significantly less than a 100% recovery on their claims.

Distributions Pursuant to Plan

Distributions

Through D12, the Debtors have made distributions to creditors totaling \$116.6 billion, of which \$86.1 billion were payments on account of claims owned or formerly owned by third party creditors.

Post-Petition Interest

In accordance with section 8.13(c) of the Plan, to the extent that any Debtor has Available Cash, as defined in section 1.5 of the Plan, after all Allowed Claims

against that Debtor have been satisfied in full, each holder of each such Allowed Claim entitled to receive post-petition interest shall receive post-petition interest on the Allowed amount of such Claim.

As of June 30, 2017, LOTC has recorded an estimate of approximately \$14 million for post-petition interest, net of distributions to (i) LBHI of approximately \$155 million on claims that were purchased by LBHI from third party creditors for post-petition interest, (ii) certain Debtors and Non-Controlled Affiliates of approximately \$25 million related to affiliate claims, and (iii) \$13 million for Plan Adjustments. The \$14 million excludes estimates for post-petition interest on affiliate claims and claims assigned to LBHI through the Lehman Brothers Finance S.A. (“LBF”) Settlement in March 2013 (refer to the December 31, 2013 Balance Sheets, Docket No. 43916, for additional information). Substantially all remaining cash at LOTC (after all Allowed Claims have been satisfied in full) will flow to LBHI in the form of payment on post-petition interest and/or an equity distribution.

LBCC has recorded an estimate of \$270 million for post-petition interest for both third party and affiliate claims (after all Allowed Claims have been satisfied in full), net of the D12 distribution to (i) LBHI of approximately \$27 million on claims that were purchased by LBHI from third party creditors for post-petition interest, (ii) certain Debtors and Non-Controlled Affiliates of approximately \$8 million related to affiliate claims, and (iii) \$5 million for Plan Adjustments. This amount is based on the Post-D12 Cash Flow Estimates (see Docket No. 55796).

Quarterly Financial Report as of June 30, 2017 (Unaudited)**Note 12 – Legal Proceedings**

The Company is involved in a number of judicial, regulatory and mediation proceedings concerning matters arising in connection with the bankruptcy proceedings and various other matters. The Company is unable at this time to determine the financial impact of such proceedings and the impact that any potential recoveries or liabilities may have upon the Balance Sheets. As more information becomes available, the Company may record revisions, which may be material, in future Balance Sheets.

Affirmative litigations:

Counterparty	Debtor(s)	Commenced	Court	Court Reference	Most Recent Disclosure
Bank of America National Association et al. ("SPV Avoidance Actions")	LBSF	September 2010	Bankruptcy Court	10-03547 (SCC)	(a)
Federal Home Loan Bank of New York	LBSF	May 2015	Bankruptcy Court	15-01110 (SCC)	(b)
Citibank ("Citigroup Litigation")	LBHI	June 2014	Bankruptcy Court	12-010044 (SCC)	(c)
Mortgage Sellers	LBHI	Various	Various	Various	(d)
Credit Suisse Group AG	LBHI, LBSF LBCS, LBCC	November 2013	Bankruptcy Court	13-01676 (SCC)	September 30, 2013 Balance Sheets - Docket No. 42236
Ballyrock ABS CDO 2007-1 Limited Wells Fargo Bank N.A. ("Ballyrock Litigation")	LBSF	February 2009	Bankruptcy Court	09-01032 (SCC)	March 31, 2012 Balance Sheets - Docket No. 29731

Other litigations:

Counterparty	Debtor(s)	Commenced	Court	Court Reference	Most Recent Disclosure
Lehman Brothers International (Europe) (in administration) ("LBIE Waterfall Applications")	LBHI	Not applicable	Not applicable	Not applicable	(e)
RMBS Trustee	LBHI SASCO	September 2009	Bankruptcy Court	08-13555 (SCC)	(f)

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 12 – Legal Proceedings (*continued*)

(a) SPV Avoidance Actions

On January 24, 2017, the Bankruptcy Court ordered that its June 28, 2016 decision dismissing substantially all of LBSF's claims be considered a Final Order for purposes of appeal. On February 6, 2017, LBSF filed its Notice of Appeal of the June 28, 2016 decision to the US District Court for the Southern District of New York, and on February 21, 2017, LBSF filed its designation of the appellate record and statement of issues on appeal. On February 27, 2017, the appeal was assigned to District Court Judge Lorna G. Schofield. On April 10, 2017, LBSF filed its Appellate Brief. Appellees filed their Opposing Brief on June 10 and LBSF's Reply Brief was filed on July 10, 2017.

Refer to the filed Balance Sheets as of March 31, 2016 for previous disclosure.

(b) Federal Home Loan Bank of New York

On April 18, 2017, FHLB-NY and LBHI, in its capacity as Plan Administrator on behalf of LBSF, finalized a settlement agreement to resolve all the claims between the parties. As a result of the settlement agreement, FHLB-NY paid LBSF \$70 million in April 2017.

Refer to the filed Balance Sheets as of June 30, 2015 for previous disclosure.

(c) Citigroup Litigation

On April 24, 2017, trial commenced between the Company and Citibank in the Bankruptcy Court.

Refer to the filed Balance Sheets as of October 6, 2016 for previous disclosure.

(d) Mortgage Sellers

On March 31, 2017, a group of mortgage sellers filed a Motion to Dismiss for lack of subject matter jurisdiction and improper venue. On May 31, 2017, LBHI filed an opposition and on July 7, 2017, that group of mortgage sellers filed a reply. No hearing has been scheduled. On August 9, 2017, a group of mortgage sellers also moved to transfer venue. LBHI's opposition is due October 6, 2017. After that motion is fully briefed, we anticipate the Court will schedule hearings on all pending motions.

Refer to the filed Balance Sheets as of October 6, 2016 for previous disclosure.

(e) LBIE Waterfall Applications

In August 2017, the UK High Court approved the settlement of Waterfall III (A) and (B). The settlement became effective on September 6, 2017. The hearing planned for September 2017 has been vacated.

Refer to the filed Balance Sheets as of December 31, 2016 and April 6, 2017 for previous disclosure.

(f) RMBS Trustee

On July 6, 2017, the Bankruptcy Court approved the RMBS Trust Settlement Agreement (the "Proposed Settlement Agreement") between the Company and a group of fourteen (14) institutional investors holding significant amounts of Lehman issued residential mortgage-backed securities. Under the Proposed Settlement Agreement, the Company will request the estimation and allowance of the claims related to the accepting covered RMBS trusts at \$2.38 billion. In addition, if the Bankruptcy Court determines that the RMBS trusts are entitled to an allowed claim in an amount between \$2.0 billion and \$2.38 billion, the Company will agree to allow the claim in the amount of \$2.38 billion. If the claim is allowed in an amount greater than \$2.38 billion, the allowed claim will be set at such greater amount. If the claim is estimated in an amount greater than \$2 billion, all parties have agreed to waive their right to appeal the Bankruptcy Court's determination of the amount of the claim. If the amount of the claim is estimated below \$2 billion, the RMBS Trustees have the right to appeal.

Refer to the filed Balance Sheets as of April 6, 2017 for previous disclosure.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

Note 13 – Currency Translation

The Company's general ledger systems automatically translate assets and liabilities recorded in non-U.S. dollar functional currencies using exchange rates as of the date of the Balance Sheets. The gains or losses resulting from translating non-US dollar functional currency into U.S. dollars are reflected in Stockholders' Equity.

Non-Controlled Affiliates Distributions

In September 2017, various Debtors and Debtor-Controlled Entities received approximately £800 million primarily from Lehman Brothers Holdings PLC, Lehman Brothers Limited, Lehman Brothers Europe Limited and LBHI2 as interim distributions to their unsecured creditors.

Note 14 – Financial Systems and Control Environment

Procedures, controls and resources used to create the Balance Sheets were modified, including a significant reduction in resources, in comparison to what was available to the Company prior to the Chapter 11 cases. The Company is continuously reviewing its accounts, and as a result, modifications, errors and potential misstatements might be identified. Consequently, the Company may record adjustments, which may be material, in future Balance Sheets.

Note 15 – Subsequent Events

LUK and LPTSI Stock and Note Sale

Pursuant to an agreement among LBHI, Brookfield Asset Management Inc. and certain of its affiliates ("Brookfield"), on August 10, 2017, Brookfield acquired from LBHI (i) 45% of LBHI's equity in LUK and LTPSI and (ii) approximately \$225 million in unsecured receivables from LUK and LPTSI. The agreement provided for, among other things, payment to LBHI of \$485 million, up to an additional \$80 million of contingent, deferred consideration based on LUK's future collection on LUK's claims against a Non-Controlled Affiliate, and the transfer to LBHI of LUK's claims against the Non-Controlled Affiliate under certain circumstances. The terms of the agreement have not been reflected in the Balance Sheets as of June 30, 2017. LUK and LPTSI each hold a portfolio of investment assets, including but not limited to interests in commercial real estate, private equity investments, and receivables from affiliates. On August 31, 2017, LUK and LPTSI each filed a chapter 11 petition in the Bankruptcy Court. Additional information and filings in the case can be found at www.lehman-docket.com in the "Related Debtors Information" section.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

III. Balance Sheets

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Debtor-Controlled Entities

Balance Sheets As of June 30, 2017

(Unaudited)

(\$ in millions)	Lehman Brothers Holdings Inc. 08-13555	Lehman Brothers Special Financing Inc. 08-13888	Lehman Brothers Commodity Services Inc. 08-13885	Lehman Brothers Commercial Corporation 08-13901	Lehman Brothers OTC Derivatives Inc. 08-13893	Lehman Brothers Financial Products Inc. 08-13902	Lehman Brothers Derivative Products Inc. 08-13899	Lehman Commercial Paper Inc. 08-13900	Luxembourg Residential Properties Loan Finance S.a.r.l. 09-10108	Other Debtors (2)	Total Debtor Entities (1)	Total Debtor- Controlled Entities (3)	Total Company
Assets													
Cash and short-term investments	\$ 64	\$ 63	\$ 2	\$ 2	\$ 2	\$ 180	\$ 168	\$ 122	\$ -	\$ 9	\$ 611	\$ 236	\$ 848
Cash and short-term investments pledged or restricted	3,283	833	103	60	1	0	0	7	-	16	4,303	27	4,330
Financial instruments and other inventory positions:													
Commercial Real Estate	(0)	0	-	-	-	-	-	95	-	-	95	17	112
Loans and Residential Real Estate	24	-	-	-	-	-	-	12	-	-	36	29	65
Principal investments	3	-	-	-	-	-	-	3	-	-	6	661	667
Derivative Receivables and Related Assets	-	61	-	-	-	-	-	-	-	-	61	0	61
Total Financial instruments and other inventory positions	26	61	-	-	-	-	-	110	-	-	198	707	905
Receivables from Debtors and Debtor-Controlled Entities and other assets	530	361	0	237	501	62	-	151	0	4	1,846	312	2,159
Investments in Affiliates	(25,508)	224	-	-	-	-	-	117	-	(402)	(25,569)	(21,654)	(47,224)
Due from Affiliates:													
Debtors and Debtor- Controlled Entities	21,311	471	268	21	-	8	-	5,107	-	205	27,390	3,700	31,090
Non-Controlled Affiliates	17,520	701	105	163	-	-	-	135	-	-	18,623	2,175	20,798
Total Due from Affiliates	38,831	1,172	373	183	-	8	-	5,242	-	205	46,014	5,875	51,888
Total Assets	\$ 17,225	\$ 2,714	\$ 478	\$ 482	\$ 503	\$ 250	\$ 168	\$ 5,749	\$ 0	\$ (168)	\$ 27,402	\$ (14,497)	\$ 12,905
Liabilities and Stockholders' Equity													
Liabilities													
Payables to Debtors and Debtor-Controlled Entities and other liabilities	\$ 1,540	\$ 13	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73	\$ -	\$ 8	\$ 1,636	\$ 348	\$ 1,983
Due to Affiliates:													
Debtor-Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	11,697	11,697
Non-Controlled Affiliates	-	-	-	-	-	-	-	-	-	-	-	31	31
Total Due to Affiliates	-	-	-	-	-	-	-	-	-	-	-	11,728	11,728
Secured Claims Payable to Third Parties	2,008	-	-	-	-	-	-	-	-	-	2,008	-	2,008
Taxes Payable	127	-	1	0	-	-	0	10	-	-	138	2	140
Liabilities Subject to Compromise	147,131	24,634	252	296	17	0	1	5,438	-	97	177,865	0	177,865
Total Liabilities	150,806	24,647	253	297	17	0	1	5,521	-	106	181,647	12,077	193,724
Stockholders' Equity	(133,581)	(21,933)	224	186	486	250	168	228	0	(273)	(154,245)	(26,574)	(180,819)
Total Liabilities and Stockholders' Equity	\$ 17,225	\$ 2,714	\$ 478	\$ 482	\$ 503	\$ 250	\$ 168	\$ 5,749	\$ 0	\$ (168)	\$ 27,402	\$ (14,497)	\$ 12,905

See accompanying Notes to Balance Sheets

Note: All values that are exactly zero are shown as "--". Values between zero and \$500,000 appear as "0".

- (1) Balances for Debtors do not reflect the impact of eliminations of intercompany balances and investments in subsidiaries.
- (2) Certain Other Debtor's Balance Sheets are presented on page 30.
- (3) Certain Debtor-Controlled Entities' Balance Sheets are presented on page 31.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Debtor-Controlled Entities
Balance Sheets As of June 30, 2017 (Certain Other Debtors)

(Unaudited)

(\$ in millions)	Structured Asset Securities Corporation 09-10558	East Dover Ltd 08-13908	Lehman Scottish Finance LP 08-13904	LB Rose Ranch LLC 09-10560	BNC Mortgage LLC 09-10137	MERIT LLC 09-17331	Other Debtors (1)
Assets							
Cash and short-term investments	\$ 0	\$ -	\$ -	\$ (0)	\$ 9	\$ -	\$ 9
Cash and short-term investments pledged or restricted	13	-	-	0	4	-	16
Financial instruments and other inventory positions:							
Commercial Real Estate	-	-	-	-	-	-	-
Loans and Residential Real Estate	-	-	-	-	-	-	-
Principal investments	-	-	-	-	-	-	-
Derivative Receivables and Related Assets	-	-	-	-	-	-	-
Total Financial instruments and other inventory positions	-	-	-	-	-	-	-
Receivables from Debtors and Debtor-Controlled Entities and other assets	0	0	2	2	-	-	4
Investments in Affiliates	-	-	(402)	-	-	-	(402)
Due from Affiliates:							
Debtors and Debtor- Controlled Entities	132	-	74	-	-	-	205
Non-Controlled Affiliates	-	-	-	-	-	-	0
Total Due from Affiliates	132	-	74	-	-	-	205
Total Assets	\$ 144	\$ 0	\$ (327)	\$ 2	\$ 13	\$ -	\$ (168)
Liabilities and Stockholders' Equity							
Liabilities							
Payables to Debtors and Debtor-Controlled Entities and other liabilities	\$ 4	\$ 0	\$ 2	\$ 0	\$ 3	\$ -	\$ 8
Due to Affiliates:							
Debtor-Controlled Entities	-	-	-	-	-	-	-
Non-Controlled Affiliates	-	-	-	-	-	-	-
Total Due to Affiliates	-	-	-	-	-	-	-
Secured Claims Payable to Third Parties	-	-	-	-	-	-	-
Taxes Payable	-	-	-	-	-	-	-
Liabilities Subject to Compromise	93	-	-	-	4	-	97
Total Liabilities	97	0	2	0	7	-	106
Stockholders' Equity	48	0	(329)	2	6	-	(273)
Total Liabilities and Stockholders' Equity	\$ 144	\$ 0	\$ (327)	\$ 2	\$ 13	\$ -	\$ (168)

See accompanying Notes to Balance Sheets

Note: All values that are exactly zero are shown as "--". Values between zero and \$500,000 appear as "0".

(1) Balances for Debtors do not reflect the impact of eliminations of intercompany balances and investments in subsidiaries.

Quarterly Financial Report as of June 30, 2017 (Unaudited)

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Debtor-Controlled Entities
Balance Sheets As of June 30, 2017 (Debtor-Controlled Entities)

(Unaudited)

(\$ in millions)	Lehman ALI Inc. (2)	Property Asset Management Inc. (3)	LB I Group Inc. (3)	Lehman Brothers Bancorp Inc. (3)	PAMI Holdings LLC	314 Commonwealth Ave Inc. (3)	LB U.K. Holdings (Delaware) Inc.	PAMI ALI LLC	Lux Finance Sarl	Other Debtor-Controlled Entities	Debtor - Controlled Group Elims (1)	Total Debtor-Controlled Entities
Assets												
Cash and short-term investments	\$ 2	\$ 3	\$ 23	\$ 70	\$ 26	\$ 0	\$ 0	\$ 2	\$ 1	\$ 110	\$ -	\$ 236
Cash and short-term investments pledged or restricted	(0)	3	6	2	-	-	-	0	-	17	-	27
Financial instruments and other inventory positions:												
Commercial Real Estate	-	9	-	-	(0)	(0)	(0)	6	-	2	-	17
Loans and Residential Real Estate	-	0	0	-	-	-	-	-	-	29	-	29
Principal investments	0	-	179	-	-	-	342	0	-	140	-	661
Derivative Receivables and Related Assets	-	-	-	-	-	-	-	-	-	0	-	0
Total Financial instruments and other inventory positions	0	9	179	-	(0)	(0)	342	7	-	170	-	707
Receivables from Debtors and Debtor-Controlled Entities and other assets	1	0	25	71	0	1	69	2	-	213	(69)	312
Investments in Affiliates	(26,993)	2	(0)	6	-	0	0	(375)	-	(220)	5,925	(21,654)
Due from Affiliates:												
Debtors and Debtor-Controlled Entities	2,466	-	533	-	-	85	477	619	-	491	(971)	3,700
Non-Controlled Affiliates	0	-	0	-	-	6	243	25	749	1,151	-	2,175
Total Due from Affiliates	2,466	-	533	-	-	91	720	644	749	1,643	(971)	5,875
Total Assets	\$ (24,524)	\$ 17	\$ 766	\$ 149	\$ 26	\$ 92	\$ 1,131	\$ 279	\$ 750	\$ 1,933	\$ 4,885	\$ (14,497)
Liabilities and Stockholders' Equity												
Liabilities												
Payables to Debtors and Debtor-Controlled Entities and other liabilities	\$ 0	\$ 4	\$ 157	\$ 59	\$ 0	\$ 0	\$ 2	\$ 50	\$ 0	\$ 145	\$ (69)	\$ 348
Due to Affiliates:												
Debtor-Controlled Entities	2,679	-	2,778	57	-	838	178	3,087	1,152	1,899	(971)	11,697
Non-Controlled Affiliates	-	-	1	-	-	-	-	0	-	29	-	31
Total Due to Affiliates	2,679	-	2,780	57	-	838	178	3,087	1,152	1,929	(971)	11,728
Secured Claims Payable to Third Parties	-	-	-	-	-	-	-	-	-	-	-	-
Taxes Payable	-	-	2	-	-	-	-	-	-	-	-	2
Liabilities Subject to Compromise	-	-	-	-	-	-	-	-	-	0	-	0
Total Liabilities	2,680	4	2,939	116	0	838	180	3,137	1,152	2,074	(1,040)	12,077
Stockholders' Equity	(27,204)	14	(2,173)	33	26	(745)	951	(2,858)	(402)	(141)	5,926	(26,574)
Total Liabilities and Stockholders' Equity	\$ (24,524)	\$ 17	\$ 766	\$ 149	\$ 26	\$ 92	\$ 1,131	\$ 279	\$ 750	\$ 1,933	\$ 4,885	\$ (14,497)

See accompanying Notes to Balance Sheets

Note: All values that are exactly zero are shown as "--". Values between zero and \$500,000 appear as "0".

- Balances reflect the impact of eliminations of (i) intercompany balances only between Debtor-Controlled Entities and (ii) investments in subsidiaries only between Debtor-Controlled Entities.
- Lehman Ali Inc. is reflected on a consolidated basis:
 - excluding (i) separately reported wholly-owned subsidiaries that are Debtor entities (e.g. LCPI, LBSF and East Dover Ltd) and (ii) separately reported Debtor-Controlled Entities and their direct subsidiaries (e.g. 314 Commonwealth Ave Inc., Property Asset Management Inc., and Pami ALI LLC), and
 - including wholly owned subsidiaries of LCPI (e.g. LCPI Properties Inc.).
- Entities are reflected on a consolidated basis, e.g. Property Asset Management Inc. includes its wholly owned subsidiary, Orbit RE LLC.